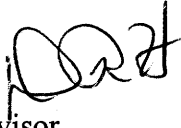



TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

July 6, 2009

TO: Internal File 

THRU: Daron Haddock, Permit Supervisor

FROM: Ingrid Wieser, Lead 

RE: Permit Renewal, Energy West Mining Company/ PacifiCorp,
Cottonwood/Wilberg Mine, C/015/0019 and Task # 3224

SUMMARY:

Energy West Mining Company, a PacifiCorp subsidiary, sent the Division an application for permit renewal on March 4, 2009 that was received by the Division on March 9, 2009. The Division determined that the application was Administratively complete and notified the Permittee of this finding on March 16, 2009.

This application for permit renewal has been recommended for approval.

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TECHNICAL ANALYSIS:

VIOLATION INFORMATION

Regulatory Reference: 30 CFR 773.15(b); 30 CFR 773.23; 30 CFR 778.14; R645-300-132; R645-301-113

Analysis:

In July of 2008, during the Division review of a bond release, the AVS system indicated several violations associated with PacifiCorp (the parent company of Energy West Mining Company). The following is a coorespondence email between the Division's Priscilla Burton and AVS staff.

Pacificorp is linking to two audit debts through Paul Leighton.

These audit debts are -

1. Coal Junction Coal Co. audit 900101156
2. Alumbaugh Coal Corp. audit 900101060

Paul Leighton is officer of

- (1) Coal Junction Coal Co. (secretary)
- (2) Alumbaugh Coal Corp. (secretary)
- (3) Midamerican Energy Holdings (Midamerican) (vice president)

Midamerican owns PPW Holdings LLC
PPW Holdings LLC owns Pacificorp

Here are the diagrams to illustration the above

Pacificorp	Coal Junction coal Co	Alumbaugh Coal Corp
- PPW holdings LLC	- Paul Leighton	- Paul Leighton
- Midamerican Energy Holding		
- Paul Leighton		

Whether to release bond on Pacicorp's permit ACT015019 is the decision of UT

The Division determined that Energy West could be granted bond release regardless of the outstanding violations, but the Division would not be able to renew a permit until the violations were taken care of.

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The Trail Mountain Mine is under the same ownership as Cottonwood/Wilberg Mine. The Trail Mountain Mine midterm review deficiency letter was sent out in February of 2009. During this midterm review, there were several deficiencies identified associated with ownership, control and violation information.

These deficiencies were addressed by the company and resolved.

Findings:

The information provided is considered adequate to meet the minimum regulatory requirements for this section.

PERMIT TERM

Regulatory References: 30 CFR 778.17; R645-301-116.

Analysis:

The permit for the Cottonwood/Wilberg Mine was issued on July 6, 2004 and expires on July 6, 2009. On March 9, 2009, the Division received the application for permit renewal, which was 120 days prior to permit expiration.

Findings:

The information is adequate to meet the minimum regulatory requirements for this section.

PUBLIC NOTICE AND COMMENT

Regulatory References: 30 CFR 778.21; 30 CFR 773.13; R645-300-120; R645-301-117.200.

Analysis:

According to the R635-300-120 coal regulations, the Applicant is responsible for placing an advertisement in a local newspaper at least once a week for four consecutive weeks. The advertisement is to contain the following:

1. Name and business address of the Applicant

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2. A map or description of the location and boundaries or the permit area.
3. The location where a copy of the application is available
4. The name and address of the Division
5. The description of a public road within 100 ft of the outside right of way if applicable
6. An experimental practice statement if applicable

The Application includes a copy of the Public Notice advertisement that will be placed in the local newspaper. It includes the name and business address of the applicant, a description and a map of the location of the permit boundary, the location of the recorders office as well as the Division. There is no public road within 100 ft of the outside right of way that has not already been advertised for public notice. There is no experimental practice associated with the mine.

The Division notified the Applicant that the application was administratively complete on March 16, 2009. The Applicant must now run the advertisement for four consecutive weeks.

Findings:

The information provided is adequate to meet the minimum regulatory requirements upon completion of the four-week advertisement.

PERMIT AREA

Regulatory Requirements: 30 CFR 783.12; R645-301-521.

Analysis:

The permit issued in 2004 included a permit area of 6886.88 acres with a disturbed area of 62.82 acres. Since 2004, the Division approved several lease relinquishments and the current permit area suggested for permit renewal is approximately 4,128.43 acres located in Township 17 S, R6E in the portions of Sections 13, 24 and 25; T17S R7E in the portions of Sections 15 through 18, 21, 22, 27 through 30, and 34 and totaling encompassing all of section 19 and 20. The total disturbed area listed by the Permittee is 62.24 acres.

Findings:

The information provided in the application is adequate to meet the minimum regulatory requirements.

BONDING AND INSURANCE REQUIREMENTS

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Regulatory Reference: 30 CFR Sec. 800; R645-301-800, et seq.

Analysis:

Determination of Bond Amount

The Applicant included evidence of a performance bond in the application for permit renewal. In a letter dated July 31, 2007, the Permittee states that the bond was increased from \$3,082,587 to \$3,252,000 as a result of the Cottonwood mine Midterm review from the Division. The letter includes, as an attachment, the bond increase certificate, and a copy of the updated bond.

The Division reviewed the bond amount for the Cottonwood Wilberg Mine during the 2007 Midterm review. During that review, the Permittee was required to increase the bond to the current amount of \$ 3,252,000. The Division reviews the bond once every five years or as necessary. The Applicant is not required to update the bond for the Permit Renewal.

Terms and Conditions for Liability Insurance

The Applicant included replacement certificates of liability insurance for the four Utah coal mine operations that are owned by PacifiCorp (Des-Bee-Dove Mine, Deer Creek Mine, Cottonwood Mine, and Trail Mountain Mine). Associated Electric & Gas Insurance Services Ltd is the insurer and the policy period is from August 28, 2008 to August 28, 2009. The policy provides for personal injury and property damage protection from surface coal mining and reclamation operations including the use of explosives and damage from subsidence.

Findings:

The information provided in the application is adequate to meet the minimum regulatory requirements for this section.

RECOMMENDATIONS:

Recommended for permit renewal.